



STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

FOR IMMEDIATE RELEASE
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California Department of Corporations Halts Illegal Sale of Medical Spa Franchises Operating Without Onsite Physicians

Department Rejects Application for HealthWest, Inc. to offer Medspa Franchises

SACRAMENTO --- A Los Angeles-based medical spa company has been ordered to stop offering to sell franchises and licenses to operate "medspa" facilities in California for failing to obtain approval from the Department of Corporations as required by law, Department officials today announced. Additionally, at least six franchises were sold to non-physician California residents that have been providing medical services, which is in violation of the Medical Practice Act. This requirement was not disclosed to the franchise purchaser.

In August 2003, Manmohan (Mo) Singh Biring who owns the Los Angeles-based HealthWest, Inc. filed an application for registration of an offer to sell franchises for similar medspa businesses in California. Prior to that date, at least six franchises were sold without approval by the Department of Corporations as required by California law. Additionally, HealthWest continued to offer and sell purported "licenses" – which are in effect no different than franchises – for the same medspa businesses.

Further, Biring advertised to potential franchise purchasers that they could "own a prestigious business in the medical industry without a medical background" when in fact the services offered by the medspas, including laser hair removal, intense pulse light treatments, botox treatments and microdermabrasion, constitute medical services under California law. The owner of a medspa facility is therefore subject to the Medical Practice Act.

The Department's order, which was issued July 16, 2003, takes effect immediately and bars Mo Biring from selling franchises or issuing "licenses" to operate medspa facilities in California.

The Department of Corporations is California's Investment and Financing Authority. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, please visit the Department's web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).